

197073

# Superior Lumber Co.

2695 GLENDALE VALLEY RD. • P.O. BOX 250 • GLENDALE, OREGON 97442

Surface Transportation Board  
Office of the Secretary  
Case Control Unit, Attn: STB Ex Parte No.582  
1925 K Street, N.W.  
Washington, D.C. 20423-0001

RECEIVED  
Office of the Secretary

FEB 29 2000

Public Records



Dear Sirs,

Enclosed please find my testimony to the Surface Transportation Board. I have enclosed the original and ten photo copies. I have also enclosed a disk formatted in Wordperfect 5.0X. It is my understanding that this file can be opened with Wordperfect 7.0.

Thank you for the opportunity to address the board.

Sincerely,

A handwritten signature in cursive script that reads "Steven D. Swanson".

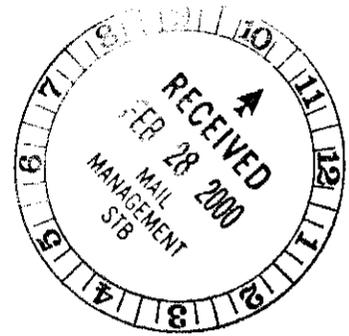
Steven D. Swanson  
President

**Lumber Division**  
Main Office: (541) 832-2153  
Sales: (541) 832-2151  
Main Office Fax: (541) 832-1139  
Sales Fax: (541) 832-2893

**Veneer & Plywood Division**  
Main Office: (541) 832-1121  
Veneer Sales: (541) 832-1130  
Veneer Fax: (541) 832-1177  
Plywood Sales: (541) 832-1175  
Plywood Fax: (541) 832-1175

**Superior Timber Co., Inc.**  
Main Office: (541) 832-1121  
Main Office Fax: (541) 832-1139

**Testimony of  
Steven D. Swanson  
Before the Surface Transportation Board  
RE: STB Ex Parte No. 582**



Madam Chairman and Members of the Board, for the record my name is Steven Swanson. I am President of Superior Lumber Co; a family owned forest products company located in Glendale Oregon with affiliates located in Eugene Oregon. We have three sawmills, a veneer and plywood operation, and a Helicopter Services Company. We actively manage more than 130,000 acres of timberland. Our company employs nearly 500 employees and is a major employer in the Glendale area. All of our facilities rely on rail service to varying degrees. Transportation costs are the third highest cost of our delivered product, with raw materials and labor being one and two.

In my view, further mergers in the Railroad Industry could be disastrous to my company. While these mergers look like a way to streamline operations and provide cost savings to the railroads, in reality they have been near fatal to shippers in the west. We have not fully recovered from the last round of mergers. After the merger of the SP and UP the service available to my company was in a word, pathetic. My company was forced to divert previously sold orders from Rail to Truck at considerable expense and to ship significant volumes directly by truck because of the meltdown of service offered by the UP after the merger. Not only did we lose hundreds of thousands of dollars in revenue we also lost market share. That market share loss cannot be measured or regained. We were not the only shipper on the UP affected. When you add up all of the lost money and opportunity in the Forest Products industry alone it runs into the millions of dollars.

The economic losses caused by recent mergers will take years to make up. We have been fortunate to survive. Some companies went out of business as a result of the merger related service disasters. For them, there can be no recovery.

From a competitive and service standpoint, the current railroad system needs time to recover from the operational problems created by the previous consolidations. Let Burlington Northern Santa Fe, Union Pacific and the others show they can run the railroads they have. Let them demonstrate the mergers were in the public interest, and made the railroad system in this country more competitive, not more exclusionary. I'm aware Burlington Northern Santa Fe has made "guarantees" that service under a

combined Burlington Northern/ Canadian National will not fail, but short of purchasing business interruption insurance for all shippers and consignees on their system, they can't make meaningful promises. The potential losses are too great.

BNSF is already holding shippers hostage and extracting a premium to provide service by "auctioning" off empty rail cars to the highest bidder. Union Pacific has just announced their plans for a second rate increase on lumber shipments in less than one year. Their idea of helping the shipper is to charge more money in light of less competition.

Further mergers in the railroad industry will only fuel more and more of the same. The ensuing merger mania will only increase corporate debt, driving up rates for shippers and ultimately driving up the cost of the products we ship.

In conclusion, given the concerns I have stated, I agree with the previous speakers that a moratorium should be placed on new major mergers for at least five years. Give the railroads and the customers they serve time to recover from the last few mergers.

Thank you Madam Chairman for the opportunity to testify before this board.